

**E2SHB 2574** - S COMM AMD

By Committee on Health & Long-Term Care

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 70.170.020 and 1995 c 269 s 2203 are each amended to  
4 read as follows:

5 (~~As used in~~) The definitions in this section apply throughout  
6 this chapter((+)) unless the context clearly requires otherwise.

7 (1) "Department" means department of health.

8 (2) "Hospital" means any health care institution which is required  
9 to qualify for a license under RCW 70.41.020(~~(+2)~~) (4); or as a  
10 psychiatric hospital under chapter 71.12 RCW.

11 (3) "Secretary" means secretary of health.

12 (4) "Charity care" means necessary hospital health care rendered to  
13 indigent persons, to the extent that the persons are unable to pay for  
14 the care or, except to the extent provided otherwise in RCW  
15 70.170.060(6), to pay deductibles or co-insurance amounts required by  
16 a third-party payer, as determined by the department.

17 (5) "Sliding fee schedule" means a hospital-determined, publicly  
18 available schedule of discounts (~~(to charges)~~) for persons deemed  
19 eligible for charity care(~~(+)~~). Such schedules shall be established  
20 after consideration of guidelines developed by the department.

21 (6) "Special studies" means studies which have not been funded  
22 through the department's biennial or other legislative appropriations.

23 (7) "Federal poverty guidelines" means the poverty income  
24 guidelines established annually by the federal department of health and  
25 human services.

26 (8) "Hospital costs" is the number derived by multiplying hospital  
27 charges by that hospital's aggregate hospital cost-to-charge ratio  
28 calculated by the health and recovery services administration from the  
29 latest available medicare cost report. If a recalculation of the  
30 cost-to-charge ratio occurs sooner than twelve months from the last

1 update to the hospital's discount policy, the calculation existing  
2 prior to the recalculation may be used for purposes of updating  
3 hospital discount policies. The secretary shall develop alternate  
4 means of determining hospital costs for hospitals that do not file  
5 medicare cost reports, in consultation with such hospitals.

6 **Sec. 2.** RCW 70.170.060 and 1998 c 245 s 118 are each amended to  
7 read as follows:

8 (1) No hospital or its medical staff shall adopt or maintain  
9 admission practices or policies which result in:

10 (a) A significant reduction in the proportion of patients who have  
11 no third-party coverage and who are unable to pay for hospital  
12 services;

13 (b) A significant reduction in the proportion of individuals  
14 admitted for inpatient hospital services for which payment is, or is  
15 likely to be, less than the anticipated charges for or costs of such  
16 services; or

17 (c) The refusal to admit patients who would be expected to require  
18 unusually costly or prolonged treatment for reasons other than those  
19 related to the appropriateness of the care available at the hospital.

20 (2) No hospital shall adopt or maintain practices or policies which  
21 would deny access to emergency care based on ability to pay. No  
22 hospital which maintains an emergency department shall transfer a  
23 patient with an emergency medical condition or who is in active labor  
24 unless the transfer is performed at the request of the patient or is  
25 due to the limited medical resources of the transferring hospital.  
26 Hospitals must follow reasonable procedures in making transfers to  
27 other hospitals including confirmation of acceptance of the transfer by  
28 the receiving hospital.

29 (3) The department shall develop definitions by rule, as  
30 appropriate, for subsection (1) of this section and, with reference to  
31 federal requirements, subsection (2) of this section. The department  
32 shall monitor hospital compliance with subsections (1) and (2) of this  
33 section. The department shall report individual instances of possible  
34 noncompliance to the state attorney general or the appropriate federal  
35 agency.

36 (4) The department shall establish and maintain by rule, consistent  
37 with the definition of charity care in RCW 70.170.020, the following:

1 (a) Uniform procedures, data requirements, and criteria for  
2 identifying patients receiving charity care;

3 (b) A definition of residual bad debt including reasonable and  
4 uniform standards for collection procedures to be used in efforts to  
5 collect the unpaid portions of hospital charges that are the patient's  
6 responsibility.

7 (5) For the purpose of providing charity care, each hospital shall  
8 develop, implement, and maintain a charity care policy which,  
9 consistent with subsection (1) of this section, shall enable people  
10 below the federal poverty level access to appropriate hospital-based  
11 medical services, and a sliding fee schedule for determination of  
12 discounts from charges for persons who qualify for such discounts by  
13 January 1, 1990. The department shall develop specific guidelines to  
14 assist hospitals in setting sliding fee schedules required by this  
15 section. All persons with family income below one hundred percent of  
16 the federal poverty standard shall be deemed charity care patients for  
17 the full amount of hospital charges, provided that such persons are not  
18 eligible for other private or public health coverage sponsorship.  
19 Persons who may be eligible for charity care shall be notified by the  
20 hospital.

21 (6) Each hospital shall provide notice to patients of its charity  
22 care policies. At a minimum, each hospital must post prominently in  
23 locations easily accessible to and visible by patients, including its  
24 web site, and in the bill sent to patients, a notice stating that  
25 charges for services to people meeting the charity care or discount  
26 criteria may be waived or reduced, and regarding the availability of  
27 charity care and how to qualify. The department shall develop model  
28 language, not to exceed fifty words, and type font and style standards  
29 that hospitals must use to satisfy the requirement to provide notice in  
30 the bill sent to patients. The language may be written on the  
31 patient's actual bill if it complies with the department's type font  
32 and style requirements. A notice of charity care policies also may be  
33 provided to patients prior to discharge. Posted notices must be in  
34 English and in each of the five most common languages in Washington  
35 other than English that are spoken by more than five percent of  
36 residents of the county where the hospital is located. The department  
37 shall make a biennial determination of the five most common languages

1 spoken in Washington and the languages needed for posting in each  
2 county. The notice must use clear language that would be easily  
3 understood by individuals with limited education.

4 (7) Each hospital shall make every reasonable effort to determine  
5 the existence or nonexistence of private or public sponsorship which  
6 might cover in full or part the charges for care rendered by the  
7 hospital to a patient; the family income of the patient as classified  
8 under federal poverty income guidelines; and the eligibility of the  
9 patient for charity care as defined in this chapter and in accordance  
10 with hospital policy. An initial determination of sponsorship status  
11 shall precede collection efforts directed at the patient.

12 ~~((7))~~ (8) The department shall monitor the distribution of  
13 charity care among hospitals, with reference to factors such as  
14 relative need for charity care in hospital service areas and trends in  
15 private and public health coverage. The department shall prepare  
16 reports that identify any problems in distribution which are in  
17 contradiction of the intent of this chapter. The report shall include  
18 an assessment of the effects of the provisions of this chapter on  
19 access to hospital and health care services, as well as an evaluation  
20 of the contribution of all purchasers of care to hospital charity care.

21 ~~((8))~~ (9) The department shall issue a report on the subjects  
22 addressed in this section at least annually(~~(, with the first report~~  
23 ~~due on July 1, 1990)~~). The department shall also provide information  
24 to the public on hospital charges for the most common inpatient  
25 diagnosis-related groups, as identified under the patient discharge  
26 information collected under RCW 43.70.052, the relationship between  
27 hospital costs and charges, and details on hospital charity care  
28 policies.

29 **Sec. 3.** RCW 70.170.060 and 2006 c ... s 2 (section 2 of this act)  
30 are each amended to read as follows:

31 (1) No hospital or its medical staff shall adopt or maintain  
32 admission practices or policies which result in:

33 (a) A significant reduction in the proportion of patients who have  
34 no third-party coverage and who have family income up to three hundred  
35 percent of federal poverty guidelines or are otherwise unable to pay  
36 for hospital services;

1 (b) A significant reduction in the proportion of individuals  
2 admitted for inpatient hospital services for which payment is, or is  
3 likely to be, less than the anticipated charges for or costs of such  
4 services; or

5 (c) The refusal to admit patients who would be expected to require  
6 unusually costly or prolonged treatment for reasons other than those  
7 related to the appropriateness of the care available at the hospital.

8 (2) No hospital shall adopt or maintain practices or policies which  
9 would deny access to emergency care based on ability to pay. No  
10 hospital which maintains an emergency department shall transfer a  
11 patient with an emergency medical condition or who is in active labor  
12 unless the transfer is performed at the request of the patient or is  
13 due to the limited medical resources of the transferring hospital.  
14 Hospitals must follow reasonable procedures in making transfers to  
15 other hospitals including confirmation of acceptance of the transfer by  
16 the receiving hospital.

17 (3) The department shall develop definitions by rule, as  
18 appropriate, for subsection (1) of this section and, with reference to  
19 federal requirements, subsection (2) of this section. The department  
20 shall monitor hospital compliance with subsections (1) and (2) of this  
21 section. The department shall report individual instances of possible  
22 noncompliance to the state attorney general or the appropriate federal  
23 agency.

24 (4) The department shall establish and maintain by rule, consistent  
25 with the definition of charity care in RCW 70.170.020, the following:

26 (a) Uniform procedures, data requirements, and criteria for  
27 identifying patients receiving charity care;

28 (b) A definition of residual bad debt including reasonable and  
29 uniform standards for collection procedures to be used in efforts to  
30 collect the unpaid portions of hospital charges that are the patient's  
31 responsibility.

32 (5) For the purpose of providing charity care, each hospital shall  
33 develop, implement, and maintain a charity care policy which,  
34 consistent with subsection (1) of this section, shall enable people  
35 with family income below one hundred percent of the federal poverty  
36 (level) guidelines access to appropriate hospital-based medical  
37 services, and a sliding fee schedule for determination of discounts  
38 ~~((from charges))~~ for persons ~~((who qualify for such discounts by~~

1 January 1, 1990)) with family income from one hundred to two hundred  
2 percent of the federal poverty guidelines. Discounts under the sliding  
3 fee schedule shall be applied to the amount derived from the  
4 calculation in subsection (6) of this section. The department shall  
5 develop specific guidelines to assist hospitals in setting sliding fee  
6 schedules required by this section. All persons with family income  
7 below one hundred percent of the federal poverty (~~standard~~)  
8 guidelines shall be deemed charity care patients for the full amount of  
9 hospital charges, provided that such persons are not eligible for other  
10 private or public health coverage sponsorship. Persons who may be  
11 eligible for charity care shall be notified by the hospital.

12 (6) For uninsured persons with family income up to three hundred  
13 percent of the federal poverty guidelines, hospitals must provide a  
14 discount for any charges for hospital services provided in the  
15 hospital. Subsection (5) of this section shall determine the degree of  
16 the discount for persons with family income of up to two hundred  
17 percent of the federal poverty guidelines. For persons with family  
18 income in excess of two hundred percent of the federal poverty  
19 guidelines, no patient may be required to pay more than the greater of  
20 one hundred thirty percent of the hospital costs, or an amount equal to  
21 the state average percentage of hospital costs paid by private payers,  
22 as determined by the department.

23 (7) Each hospital shall provide notice to patients of its charity  
24 care policies. At a minimum, each hospital must post prominently in  
25 locations easily accessible to and visible by patients, including its  
26 web site, and in the bill sent to patients, a notice stating that  
27 charges for services to people meeting the charity care or discount  
28 criteria may be waived or reduced, and regarding the availability of  
29 charity care and how to qualify. The department shall develop model  
30 language, not to exceed fifty words, and type font and style standards  
31 that hospitals must use to satisfy the requirement to provide notice in  
32 the bill sent to patients. The language may be written on the  
33 patient's actual bill if it complies with the department's type font  
34 and style requirements. A notice of charity care policies also may be  
35 provided to patients prior to discharge. Posted notices must be in  
36 English and in each of the five most common languages in Washington  
37 other than English that are spoken by more than five percent of  
38 residents of the county where the hospital is located. The department

1 shall make a biennial determination of the five most common languages  
2 spoken in Washington and the languages needed for posting in each  
3 county. The notice must use clear language that would be easily  
4 understood by individuals with limited education.

5 ~~((+7))~~ (8) Each hospital shall make every reasonable effort to  
6 determine the existence or nonexistence of private or public  
7 sponsorship which might cover in full or part the charges for care  
8 rendered by the hospital to a patient; the family income of the patient  
9 as classified under federal poverty ~~((income))~~ guidelines; and the  
10 eligibility of the patient for charity care as defined in this chapter  
11 and in accordance with hospital policy. An initial determination of  
12 sponsorship status shall precede collection efforts directed at the  
13 patient.

14 ~~((+8))~~ (9) A patient must apply for charity care or discounts  
15 within a reasonable period of time not to exceed one hundred eighty  
16 days from the date of billing. The hospital may impose reasonable  
17 requirements regarding the evidence that must be provided by the  
18 patient to support an application for charity care or discounts. The  
19 hospital may, but is not required to, comply with the requirements of  
20 this section if a patient fails to submit a completed application  
21 within the reasonable time restriction.

22 (10) The department shall monitor the distribution of charity care  
23 among hospitals, with reference to factors such as relative need for  
24 charity care in hospital service areas and trends in private and public  
25 health coverage. The department shall prepare reports that identify  
26 any problems in distribution which are in contradiction of the intent  
27 of this chapter. The report shall include an assessment of the effects  
28 of the provisions of this chapter on access to hospital and health care  
29 services, as well as an evaluation of the contribution of all  
30 purchasers of care to hospital charity care.

31 ~~((+9))~~ (11) The department shall issue a report on the subjects  
32 addressed in this section at least annually. The department shall also  
33 provide information to the public on hospital charges for the most  
34 common inpatient diagnosis-related groups, as identified under the  
35 patient discharge information collected under RCW 43.70.052, the  
36 relationship between hospital costs and charges, and details on  
37 hospital charity care policies.

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 70.170 RCW  
2 to read as follows:

3        (1) Before contracting with any entity to act as a hospital's  
4 designated agent, assignee, or contractor for collection of its  
5 accounts receivable, or to purchase its accounts receivable, the  
6 hospital's governing board must have notice of, and affirmatively  
7 approve, the debt collection practices of the entity. The practices  
8 must include detailed information related to:

9        (a) Contacts with patients who have debts to the hospital,  
10 including written, telephonic, and electronic contacts;

11        (b) Policies related to the ability of debtors to make installment  
12 payments, and interest rates charged on any remaining balances;

13        (c) Circumstances under which the entity files civil actions to  
14 collect debts, and undertakes any of the following collection actions  
15 to execute a judgment in connection with a debt:

16        (i) Actions to foreclose on real property;

17        (ii) Actions to place a lien on any property;

18        (iii) Actions to garnish wages; and

19        (iv) Actions to attach or seize a bank account or any other  
20 personal property.

21        (2) On at least an annual basis, the governing board of every  
22 hospital shall review a report on collection actions taken by the  
23 entity that has a contract with the hospital under subsection (1) of  
24 this section.

25        **Sec. 5.**    RCW 19.16.500 and 1997 c 387 s 1 are each amended to read  
26 as follows:

27        (1)(a) Agencies, departments, taxing districts, political  
28 subdivisions of the state, counties, and cities may retain, by written  
29 contract, collection agencies licensed under this chapter for the  
30 purpose of collecting public debts owed by any person, including any  
31 restitution that is being collected on behalf of a crime victim.

32        (b) Any governmental entity as described in (a) of this subsection  
33 using a collection agency may add a reasonable fee, payable by the  
34 debtor, to the outstanding debt for the collection agency fee incurred  
35 or to be incurred. The amount to be paid for collection services shall  
36 be left to the agreement of the governmental entity and its collection  
37 agency or agencies, but a contingent fee of up to fifty percent of the

1 first one hundred thousand dollars of the unpaid debt per account and  
2 up to thirty-five percent of the unpaid debt over one hundred thousand  
3 dollars per account is reasonable, and a minimum fee of the full amount  
4 of the debt up to one hundred dollars per account is reasonable. Any  
5 fee agreement entered into by a governmental entity is presumptively  
6 reasonable. Nothing in this subsection (1)(b) applies to public  
7 hospital district responsibilities pursuant to chapter 70.170 RCW.

8 (2) No debt may be assigned to a collection agency unless (a) there  
9 has been an attempt to advise the debtor (i) of the existence of the  
10 debt and (ii) that the debt may be assigned to a collection agency for  
11 collection if the debt is not paid, and (b) at least thirty days have  
12 elapsed from the time notice was attempted.

13 (3) Collection agencies assigned debts under this section shall  
14 have only those remedies and powers which would be available to them as  
15 assignees of private creditors.

16 (4) For purposes of this section, the term debt shall include fines  
17 and other debts, including the fee required under subsection (1)(b) of  
18 this section.

19 NEW SECTION. Sec. 6. The legislature shall convene a work group  
20 to conduct an interim study to make recommendations related to hospital  
21 patient debt repayment and collection practices. The work group shall  
22 develop recommendations regarding contingency fees charged by public  
23 district hospitals in connection with the use of collection agencies in  
24 collecting discounted bills, installment payment plans, and interest  
25 rates. The work group shall develop standards for appropriate,  
26 predictable, and fair repayment and debt collection practices for  
27 hospitals to apply to patients who are eligible for charity care, a  
28 sliding fee schedule, or maximum charge as defined in RCW 70.170.060.

29 The work group shall include representatives of the department of  
30 licensing, the department of health, the attorney general's office,  
31 hospitals, debt collection agencies, consumers and patients, and other  
32 interested stakeholders. The work group shall submit its  
33 recommendations to the legislature by November 15, 2006.

34 NEW SECTION. Sec. 7. Sections 1 and 3 through 5 of this act take  
35 effect January 1, 2008.

1        NEW SECTION.    **Sec. 8.** Sections 2 and 6 of this act apply  
2 prospectively only and not retroactively. They apply only to services  
3 rendered the effective date of this section and thereafter.

4        NEW SECTION.    **Sec. 9.** Sections 1 and 3 through 5 of this act apply  
5 prospectively only and not retroactively. They apply only to services  
6 rendered January 1, 2008, and thereafter."

**E2SHB 2574** - S COMM AMD

By Committee on Health & Long-Term Care

7        On page 1, line 2 of the title, after "policies;" strike the  
8 remainder of the title and insert "amending RCW 70.170.020, 70.170.060,  
9 70.170.060, and 19.16.500; adding a new section to chapter 70.170 RCW;  
10 creating new sections; and providing an effective date."

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